

TOWNSHIP OF ADAMS
HILLSDALE COUNTY, MICHIGAN

AUDIT REPORT

MARCH 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name ADAMS TOWNSHIP	County HILLSDALE
Audit Date 3-31-04	Opinion Date 9-10-04	Date Accountant Report Submitted to State: 9-14-04	

We have audited the financial statements of this local unit of government and rendered a **RECEIVED** opinion on the financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) Bailey, Hodshire + Company, PC			
Street Address 479 E Chicago St Box 215	City Jonesville	State MI	ZIP 49250
Accountant Signature Gregory J. Bailey			

CONTENTS

INDEPENDENT AUDITOR'S REPORT

GENERAL PURPOSE FINANCIAL STATEMENTS

Combined Balance Sheet - All Fund Types and Account Groups2

Combined Statement of Revenue, Expenditures and Changes in
Fund Balances - Governmental Funds3

Combined Statement of Revenue, Expenditures and Changes in
Fund Balances - Budget and Actual - Governmental Funds4 - 5

Notes to Financial Statements6 - 9

SUPPLEMENTARY INFORMATION

General Fund

Statement of Expenditures - Budget and Actual10 - 11

Special Revenue Funds

Combining Balance Sheet12

Combining Statement of Revenue, Expenditures and Changes in Fund Balance13

Trust and Agency Funds

Statement of Changes in Assets and Liabilities - Current Tax Collection Fund14

Bailey, Hodshire
& Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

479 E. CHICAGO STREET
P.O. BOX 215
JONESVILLE, MI 49250

PHONE: (517) 849-2410
FAX: (517) 849-2493
E-MAIL: BAILEYCPA@QCNET.NET

INDEPENDENT AUDITOR'S REPORT

To the Supervisor and
Members of the Township Board
Township of Adams

We have audited the accompanying general purpose financial statements of the Township of Adams as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Adams, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township of Adams. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Bailey, Hodshire & Company, P.C.
Jonesville, Michigan
September 10, 2004

TOWNSHIP OF ADAMS
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	Governmental Fund Types			Fiduciary Fund Types	Account Group	Totals (Memo Only)
	General Fund	Special Revenue	Capital Projects	Current Tax Collection	General Fixed Assets	
ASSETS						
Cash/Investments	\$ 184,656	\$ 55,580	\$ 31,066	\$ 100,462	\$ 0	\$ 371,764
Accounts Receivable:						
Taxes	5,390	1,902	0	0	0	7,292
Other	8,979	0	34,932	50,570	0	94,481
Due from Other Funds	134,528	28,098	0	0	0	162,626
Land and Buildings	0	0	0	0	20,000	20,000
Equipment	0	0	0	0	59,757	59,757
Total Assets	<u>\$ 333,553</u>	<u>\$ 85,580</u>	<u>\$ 65,998</u>	<u>\$ 151,032</u>	<u>\$ 79,757</u>	<u>\$ 715,920</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts Payable	\$ 163	\$ 0	\$ 0	\$ 0	\$ 0	\$ 163
Due to other Funds	0	0	65,998	96,628	0	162,626
Due to other Govts.	0	0	0	54,404	0	54,404
Total Liabilities	<u>\$ 163</u>	<u>\$ 0</u>	<u>\$ 65,998</u>	<u>\$ 151,032</u>	<u>\$ 0</u>	<u>\$ 217,193</u>
FUND EQUITY						
Investment in General Fixed Assets	\$ 0	\$ 0	\$ 0	\$ 0	\$ 79,757	\$ 79,757
Fund Balance						
Unreserved	<u>333,390</u>	<u>85,580</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>418,970</u>
Total Fund Equity	<u>\$ 333,390</u>	<u>\$ 85,580</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 79,757</u>	<u>\$ 498,727</u>
Total Liabilities and Fund Equity	<u>\$ 333,553</u>	<u>\$ 85,580</u>	<u>\$ 65,998</u>	<u>\$ 151,032</u>	<u>\$ 79,757</u>	<u>\$ 715,920</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF ADAMS
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	General Fund	Special Revenue Funds	Capital Projects Fund	Totals (Memo Only)
REVENUE				
Property Taxes	\$ 47,714	\$ 30,000	\$ 0	\$ 77,714
Administration Fee	11,634	0	0	11,634
State Shared Revenue	137,150	0	0	137,150
Charges for Services	4,850	11,039	0	15,889
Rent - Township Hall	10,000	0	0	10,000
Interest	3,489	553	143	4,185
Licenses, Permits, Franchise Fees	3,247	0	0	3,247
Other Revenue	<u>6,095</u>	<u>800</u>	<u>3,608</u>	<u>10,503</u>
Total Revenue	<u>\$ 224,179</u>	<u>\$ 42,392</u>	<u>\$ 3,751</u>	<u>\$ 270,322</u>
EXPENDITURES				
General Government	\$ 90,523	\$ 0	\$ 0	\$ 90,523
Public Safety	23,450	0	0	23,450
Roads and Drains	43,511	0	0	43,511
Sanitation	4,766	0	0	4,766
Recreation and Culture	11,217	0	3,751	14,968
Weed Control and Maintenance	0	37,402	0	37,402
Other	<u>0</u>	<u>1,403</u>	<u>0</u>	<u>1,403</u>
Total Expenditures	<u>\$ 173,467</u>	<u>\$ 38,805</u>	<u>\$ 3,751</u>	<u>\$ 216,023</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers - In	\$ 0	\$ 5,000	\$ 0	\$ 5,000
Operating Transfers - Out	<u>(5,000)</u>	<u>0</u>	<u>0</u>	<u>(5,000)</u>
Total Other Sources (Uses)	<u>\$ (5,000)</u>	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES				
	\$ 45,712	\$ 8,587	\$ 0	\$ 54,299
FUND BALANCES - APRIL 1, 2003	<u>287,678</u>	<u>76,993</u>	<u>0</u>	<u>364,671</u>
FUND BALANCES - MARCH 31, 2004	<u>\$ 333,390</u>	<u>\$ 85,580</u>	<u>\$ 0</u>	<u>\$ 418,970</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF ADAMS
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	<u>General Fund</u>		Over (Under) <u>Budget</u>
REVENUE	<u>Budget</u>	<u>Actual</u>	
Property Taxes	\$ 41,000	\$ 47,714	\$ 6,714
Administration Fee	10,000	11,634	1,634
State Shared Revenue	132,053	137,150	5,097
Charges for Services	2,000	4,850	2,850
Interest	2,000	3,489	1,489
Rent - Township Hall	10,000	10,000	0
Licenses, Permits, Franchise Fees	2,650	3,247	597
Other Revenue	<u>300</u>	<u>6,095</u>	<u>5,795</u>
Total Revenue	<u>\$ 200,003</u>	<u>\$ 224,179</u>	<u>\$ 24,176</u>
EXPENDITURES			
General Government	\$ 111,543	\$ 90,523	\$ (21,020)
Public Safety	30,000	23,450	(6,550)
Roads and Drains	72,250	43,511	(28,739)
Sanitation	6,000	4,766	(1,234)
Recreation and Culture	10,350	11,217	867
Weed Control and Maintenance	0	0	0
Other	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 230,143</u>	<u>\$ 173,467</u>	<u>\$ (56,676)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers - In	\$ 0	\$ 0	\$ 0
Operating Transfers - Out	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>
Total Other Sources (Uses)	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ 0</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (35,140)	\$ 45,712	\$ 80,852
FUND BALANCES - APRIL 1, 2003	<u>176,570</u>	<u>287,678</u>	<u>111,108</u>
FUND BALANCES - MARCH 31, 2004	<u><u>\$ 141,430</u></u>	<u><u>\$ 333,390</u></u>	<u><u>\$ 191,960</u></u>

The accompanying notes are an integral part of this statement.

Special Revenue Funds			Capital Projects Fund		
Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
\$ 32,000	\$ 30,000	\$ (2,000)	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
11,000	11,039	39	0	0	0
1,100	553	(547)	0	0	0
0	0	0	100	143	43
0	0	0	0	0	0
0	0	0	0	0	0
900	800	(100)	40,022	3,608	(36,414)
<u>\$ 45,000</u>	<u>\$ 42,392</u>	<u>\$ (2,608)</u>	<u>\$ 40,122</u>	<u>\$ 3,751</u>	<u>\$ (36,371)</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
57,322	37,402	(19,920)	78,868	3,751	(75,117)
45,009	1,403	(43,606)	0	0	0
<u>\$ 102,331</u>	<u>\$ 38,805</u>	<u>\$ (63,526)</u>	<u>\$ 78,868</u>	<u>\$ 3,751</u>	<u>\$ (75,117)</u>
\$ 5,000	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ (52,331)	\$ 8,587	\$ 60,918	\$ (38,746)	\$ 0	\$ 38,746
52,331	76,993	24,662	38,746	0	(38,746)
<u>\$ 0</u>	<u>\$ 85,580</u>	<u>\$ 85,580</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF ADAMS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Township of Adams comprises a population of approximately 1,984 residents and had a 2003 total taxable valuation of approximately \$48,737,000 (not including IFT valuations). It is governed by a board consisting of 5 members with a supervisor as its head. As required by generally accepted accounting principles, these financial statements present all fund types and account groups that are controlled by or dependent on the Township Board of Trustees.

Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The various funds and account groups of the Township of Adams are as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities.

Fiduciary Funds

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

General Fixed Assets Group of Accounts - This account group presents fixed assets of the Township utilized in its general operations.

Total columns on the combined statements are captioned "memo only" to indicate that they are presented only to aid in financial analysis. Interfund eliminations have not been made in the aggregation of this data; therefore, it is not comparable to a consolidation.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types are presented using the flow of current financial resources measurement focus. With this measurement focus, operating statements present increases and decreases in net current assets, and unreserved fund balance is a measure of available spendable resources.

The governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (i.e. when they are

TOWNSHIP OF ADAMS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

"measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Township considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Property taxes, State revenue sharing, and interest are susceptible to accrual. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Other receipts become measurable and available when cash is received by the Township and are recognized as revenue at that time.

Budgetary Data

The Township adopted budgets for the General Fund, Special Revenue Funds, and Capital Projects Fund on the modified accrual basis. Once approved, the Township Board may amend the legally adopted budgets when unexpected modifications are required in estimated revenues and appropriations. Encumbrance accounting is not used, and all annual appropriations lapse at fiscal year-end. The amended budgets are presented in these financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Assets, Liabilities, and Fund Equity

Cash and investments are reported at cost.

Fixed assets are accounted for at cost, or if the cost is not practicably determinable, at estimated cost. Donated fixed assets are recorded at their estimated fair value at the time received. Governmental fund fixed assets are recorded in the General Fixed Asset Account Group and are not depreciated. The Township has elected not to report public domain or infrastructure fixed assets that are immovable and of value only to the Township government.

Revenue, Expenditures, and Expenses

Property tax revenue is normally recognized in the amount of taxes levied.

2. CASH AND INVESTMENTS

Following are the components of the Township's bank deposits at March 31, 2004:

Demand Accounts	\$ 1,377
Savings Accounts	286,802
Certificates of Deposit	<u>83,585</u>
Total	<u>\$ 371,764</u>

The carrying amount of the Township's bank deposits was \$371,764 and the bank's balance was \$436,994 at March 31, 2004. Of the total bank balance, \$224,228 was covered by federal depository insurance and \$212,766 was uninsured.

TOWNSHIP OF ADAMS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2004

2. CASH AND INVESTMENTS (continued)

State statutes authorize the Township to invest funds in one or more of the following: (a) bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States; (b) certificates of deposit, savings accounts, deposit accounts, or depository receipts of a Federally insured financial institution which maintains a principal office or branch office in the state of Michigan; (c) commercial paper rated within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase; (d) United States government or Federal agency obligation repurchase agreements; (e) banker's acceptance of United States banks; (f) obligations of the state of Michigan or any of its political subdivisions that are rated as investment grade by not less than one standard rating service; (g) mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles which are legal for investment by a public corporation; (h) obligations described above if purchased through an interlocal agreement under the Urban Cooperations Act of 1967; (i) investment pools organized under the Surplus Funds Investment Pool Act, 1982; (j) investment pools organized under the Local Government Investment Pool Act, 1985. As of March 31, 2004, the Township's investments are in accordance with statutory authority.

3. PROPERTY TAXES

Real estate and personal property taxes are recorded as revenue in an amount equal to the total taxes levied. There are no provisions made for possible uncollectible taxes. The total levy for 2003 was .9618 mills, all allocated to General Fund. The Township properties are assessed as of December 31 (the lien date), taxes levied December 1 of the succeeding year and due without interest to March 1. After March 1, the delinquent taxes real portion are turned over to the county treasurer for collection. The personal properties continue to be collectible by the Township Treasurer.

4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance 4/1/03	Additions	Deletions	Balance 3/31/04
Land and Buildings	\$ 20,000	\$ 0	\$ 0	\$ 20,000
Township Hall Equipment	18,220	0	0	18,220
Library Assets	20,000	0	0	20,000
General Equipment	6,266	0	0	6,266
Cemetery Equipment	<u>15,271</u>	<u>0</u>	<u>0</u>	<u>15,271</u>
	<u>\$ 79,757</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 79,757</u>

5. UNEMPLOYMENT TAXES

The Township is a reimbursing employer to the Michigan Unemployment Insurance Agency and as such is responsible to pay the commission for those benefits paid and charged to its account. As of March 31, appropriate liabilities have been recorded for all claims paid by the Agency. However, no provision has been made for future payments that might result from claims in process or unfilled.

TOWNSHIP OF ADAMS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

6. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payables balances as of March 31, 2004, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 68,530	Current Tax	\$ 68,530
General	65,998	Capital Projects	65,998
Inland Lake Improvement	<u>28,098</u>	Current Tax	<u>28,098</u>
Total	<u>\$ 162,626</u>		<u>\$ 162,626</u>

7. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township has purchased commercial insurance for claims relating to general liability, excess liability, auto liability, errors and omissions, physical damage (equipment, buildings and contents), employee injury, and other appropriate coverages. There has been no significant reduction in insurance coverages, and settled claims have not exceeded the amount of insurance coverage in any of the past 3 years.

8. COMMITMENTS

At its meeting on March 8, 2004, the Township Board approved various contracts with the Hillsdale County Road commission totaling \$45,550 (Township share) for road projects to be completed in the 2004-2005 fiscal year.

SUPPLEMENTARY INFORMATION

TOWNSHIP OF ADAMS
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Over (Under) <u>Budget</u>
GENERAL GOVERNMENT			
Legislative Board			
Salaries and Wages	\$ 2,563	\$ 2,563	\$ 0
Advertising	1,000	221	(779)
Conferences	1,600	1,546	(54)
Telephone	200	0	(200)
Travel Expense	200	74	(126)
Member Dues, Miscellaneous	<u>7,500</u>	<u>4,637</u>	<u>(2,863)</u>
Total Legislative Board	<u>\$ 13,063</u>	<u>\$ 9,041</u>	<u>\$ (4,022)</u>
Executive			
Supervisor's Salary	\$ 5,030	\$ 5,030	\$ 0
Zoning Administration	1,557	1,557	0
Supplies	<u>250</u>	<u>0</u>	<u>(250)</u>
Total Executive	<u>\$ 6,837</u>	<u>\$ 6,587</u>	<u>\$ (250)</u>
Election			
Salaries and Other	<u>\$ 1,000</u>	<u>\$ 0</u>	<u>\$ (1,000)</u>
Clerk			
Salaries and Wages	\$ 12,867	\$ 12,867	\$ 0
Deputy Clerk	250	0	(250)
Supplies	<u>1,000</u>	<u>1,003</u>	<u>3</u>
Total Clerk	<u>\$ 14,117</u>	<u>\$ 13,870</u>	<u>\$ (247)</u>
Assessor			
Contracted Services	\$ 9,500	\$ 9,500	\$ 0
Supplies	<u>2,000</u>	<u>1,067</u>	<u>(933)</u>
Total Assessor	<u>\$ 11,500</u>	<u>\$ 10,567</u>	<u>\$ (933)</u>
Treasurer			
Salaries and Wages	\$ 10,453	\$ 10,453	\$ 0
Deputy Treasurer	250	0	(250)
Supplies and Miscellaneous	2,400	2,248	(152)
Property Tax Processing	<u>3,500</u>	<u>3,161</u>	<u>(339)</u>
Total Treasurer	<u>\$ 16,603</u>	<u>\$ 15,862</u>	<u>\$ (741)</u>
Cemetery			
Contracted Services	\$ 5,000	\$ 4,574	\$ (426)
Clerical Wages	<u>1,623</u>	<u>1,623</u>	<u>0</u>
Total Cemetery	<u>\$ 6,623</u>	<u>\$ 6,197</u>	<u>\$ (426)</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF ADAMS
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	Budget	Actual	Over (Under) Budget
GENERAL GOVERNMENT (continued)			
Township Hall			
Utilities	\$ 1,500	\$ 1,460	\$ (40)
Building Maintenance	5,000	515	(4,485)
Equipment	1,300	0	(1,300)
Equipment Repair	600	428	(172)
Total Township Hall	<u>\$ 8,400</u>	<u>\$ 2,403</u>	<u>\$ (5,997)</u>
Attorney and Auditor	<u>\$ 3,600</u>	<u>\$ 2,154</u>	<u>\$ (1,446)</u>
Insurance and Bonds	<u>\$ 13,000</u>	<u>\$ 12,687</u>	<u>\$ (313)</u>
Board of Review	<u>\$ 800</u>	<u>\$ 841</u>	<u>\$ 41</u>
Planning & Appeals	<u>\$ 4,000</u>	<u>\$ 2,720</u>	<u>\$ (1,280)</u>
Site Tax	<u>\$ 1,500</u>	<u>\$ 725</u>	<u>\$ (775)</u>
Payroll Taxes	<u>\$ 3,500</u>	<u>\$ 2,608</u>	<u>\$ (892)</u>
Promotion	<u>\$ 2,000</u>	<u>\$ 40</u>	<u>\$ (1,960)</u>
Data Processing	<u>\$ 5,000</u>	<u>\$ 4,221</u>	<u>\$ (779)</u>
Total General Government	<u>\$ 111,543</u>	<u>\$ 90,523</u>	<u>\$ (21,020)</u>
PUBLIC SAFETY			
Fire Contracts	<u>\$ 30,000</u>	<u>\$ 23,450</u>	<u>\$ (6,550)</u>
ROADS & DRAINS			
Road Construction	\$ 50,000	\$ 24,356	\$ (25,644)
Road Chloride	18,000	15,810	(2,190)
Street Lights	550	306	(244)
Drains	3,700	3,039	(661)
Total Roads & Drains	<u>\$ 72,250</u>	<u>\$ 43,511</u>	<u>\$ (28,739)</u>
SANITATION			
Transfer Station	<u>\$ 6,000</u>	<u>\$ 4,766</u>	<u>\$ (1,234)</u>
RECREATION & CULTURE			
Recreation	\$ 0	\$ 867	\$ 867
Library	10,350	10,350	0
Total Recreation & Culture	<u>\$ 10,350</u>	<u>\$ 11,217</u>	<u>\$ 867</u>
Total Expenditures	<u>\$ 230,143</u>	<u>\$ 173,467</u>	<u>\$ (56,676)</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF ADAMS
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
MARCH 31, 2004

	Northlawn <u>Cemetery</u>	Inland Lake <u>Improvement</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 33,912	\$ 21,668	\$ 55,580
Due from Other Funds	0	28,098	28,098
Taxes Receivable	<u>0</u>	<u>1,902</u>	<u>1,902</u>
Total Assets	<u>\$ 33,912</u>	<u>\$ 51,668</u>	<u>\$ 85,580</u>
LIABILITIES AND FUND BALANCE			
FUND BALANCE			
Unreserved			
Undesignated	<u>\$ 33,912</u>	<u>\$ 51,668</u>	<u>\$ 85,580</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF ADAMS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	Northlawn Cemetery	Inland Lake Improvement	Totals
REVENUE			
Property Taxes			
Charges for Services	\$ 0	\$ 30,000	\$ 30,000
Interest	11,039	0	11,039
Other	374	179	553
	<u>800</u>	<u>0</u>	<u>800</u>
Total Revenues	<u>\$ 12,213</u>	<u>\$ 30,179</u>	<u>\$ 42,392</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers - In	\$ 5,000	\$ 0	\$ 5,000
Total Revenue and Other Sources	<u>\$ 17,213</u>	<u>\$ 30,179</u>	<u>\$ 47,392</u>
EXPENDITURES			
Weed Control			
Maintenance	\$ 0	\$ 18,975	\$ 18,975
Other	18,427	0	18,427
	<u>0</u>	<u>1,403</u>	<u>1,403</u>
Total Expenditures	<u>\$ 18,427</u>	<u>\$ 20,378</u>	<u>\$ 38,805</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (1,214)	\$ 9,801	\$ 8,587
FUND BALANCE - April 1, 2003	<u>35,126</u>	<u>41,867</u>	<u>76,993</u>
FUND BALANCE - March 31, 2004	<u>\$ 33,912</u>	<u>\$ 51,668</u>	<u>\$ 85,580</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF ADAMS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CURRENT TAX COLLECTION FUND
FOR THE YEAR ENDED MARCH 31, 2004

	Balance <u>April 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>March 31, 2004</u>
ASSETS				
Cash	<u>\$ 5,770</u>	<u>\$ 1,162,192</u>	<u>\$ 1,067,500</u>	<u>\$ 100,462</u>
LIABILITIES				
Due to Other Funds	\$ 60,578	\$ 100,348	\$ 64,298	\$ 96,628
Due to County	7,339	532,441	539,780	0
Due to (from) Schools	(115,013)	527,865	463,422	(50,570)
Due to State	<u>52,866</u>	<u>1,538</u>	<u>0</u>	<u>54,404</u>
	<u>\$ 5,770</u>	<u>\$ 1,162,192</u>	<u>\$ 1,067,500</u>	<u>\$ 100,462</u>

The accompanying notes are an integral part of this statement.

Bailey, Hodshire
& Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

479 E. CHICAGO STREET
P.O. BOX 215
JONESVILLE, MI 49250

PHONE: (517) 849-2410

FAX: (517) 849-2493

E-MAIL: BAILEYCPA@QCNET.NET

RECEIVED
DEPT. OF TREASURY

SEP 15 2004

LOCAL AUDIT & FINANCE DIV.

September 10, 2004

To the Supervisor and
Members of the Township Board
Township of Adams

In connection with our audit of the Township of Adams for the year ended March 31, 2004, we would like to make the following comments and recommendation:

1. As mentioned in the past several audits, greater care should be exercised in determining the proper amounts of property tax distributions each year. Errors were again made on the distributions for tax year 2003 which caused incorrect payments to the local school districts, the State of Michigan, and the Township General Fund. In addition, errors from prior years have not been completely corrected. The Township should immediately take the necessary steps to correct this situation. In the future, we would be happy to review the settlement figures before the final checks are written to help avoid these types of errors. There would be no additional charge for this service since it is work that would be done as part of the year-end audit anyway.
2. As noted in previous audits, in June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments (Statement). This Statement requires significant changes in the way governmental units present their financial statements. For the first time, the financial statements will include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the township's activities, including reporting fixed assets and infrastructure assets (where applicable).

The general provisions of GASB No. 34 must be implemented by the Township of Adams for the fiscal year ending March 31, 2005.

If we can be of assistance regarding these recommendations, please contact our office.

Respectfully,

Bailey Hodshire & Company, P.C.
Bailey, Hodshire & Company, P.C.
Certified Public Accountants